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The Dun & Bradstreet Corporation

NEWS

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For Immediate Release

# DUN & BRADSTREET SURVEY REPORTS BUSINESS OPTIMISM IS AT ITS HIGHEST LEVEL SINCE MID-1979

## RENEWED CONFIDENCE OF DURABLE GOODS MANUFACTURERS PACES EXPECTATIONS FOR HIGHER SALES AND PROFITS

NEW YORK, Jan. 26--Optimism among the nation's business executives is at its highest level in four-and-a-half years, according to a national survey of 1,300 business leaders by The Dun & Bradstreet Corporation.

Joseph W. Duncan, corporate economist and chief statistician for The Dun & Bradstreet Corporation, noted that per capita gross national product has now surpassed the level at which it started to decline at the beginning of the recession in 1979. "In terms of per capita gross national product, the economy is now at its highest level in four-and-a-half years and it is continuing to grow," said Duncan.

The survey's results mark the fifth consective quarter that optimism has increased, and the second straight quarter in which durable goods manufacturers expressed the greatest degree of optimism.

The executives surveyed were asked about their sales and profit expectations for the first quarter of 1984. The Dun &

Bradstreet Sales Optimism Index (the percentage of executives expecting sales increases minus the percentage expecting decreases) rose 3 points to 75, more than double the index of 37 recorded a year ago.

In terms of industry sectors, durable goods manufacturers expressed the greatest degree of optimism with a 13 point increase in sales optimism. Confidence among wholesalers rebounded after a decrease in the fourth quarter of 1983. The outlook among non-durable goods makers was unchanged compared with the preceding quarter.

Retailers showed a decline in optimism. Retailing executives had been the most optimistic group in the second half of 1983, but their current optimism index of 72 is moderate compared with the levels of optimism expressed by other sectors. Dun & Bradstreet analysts said retailers may believe that it will be difficult to sustain the high level of sales achieved in late 1983. Heavy consumer spending and an unusually high level of special sales promotions traditionally reserved for January contributed to the large sales volume in late 1983.

The outlook for new orders is strong. Manufacturers in general expressed the greatest optimism for new orders since 1973. Optimism among hard goods makers exceeded that of soft goods manufacturers for the first time in two-and-a-half years.

Profit expectations were highest for durable goods manufacturers and wholesalers, followed by non-durable goods

manufacturers and retailers. The overal Profits Optimism Index rose 5 points to 67, its highest level since the third quarter of 1978.

Expectations for reduced inventories decreased in this quarter. Only 11 percent of the executives surveyed expect to reduce their inventories, compared with 15 percent in the previous survey. About 45 percent of those surveyed plan to maintain their inventories at current levels, despite expectations of increased sales. This apparent contradiction reflects the deep-seated cautiousness many executives have retained following the long recession. The percentage of executives planning to increase their inventories rose only slightly to 44 percent.

The survey's results also suggested a possible improvement in the employment outlook. Only four percent of those surveyed expect to reduce their number of employees, a decrease of four percentage points from the preceding quarter. In fact, this percentage has ranged between 8 and 18 percent since mid-1980, so the current drop represents a noteworthy decline. The percentage of executives expecting to add to their payrolls held steady at 28 percent. Moreover, 40 percent of the durable goods manufacturers surveyed said they plan to add to their payrolls, the highest percentage in 10 years. This is particularly good news since many of these industrial sectors were hit hardest by the recession.

About 55 percent of the executives surveyed said they expect prices to increase, which is consistent with the results from surveys in the preceding two quarters.

* * *

January 26, 1984
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## SURVEY OF BUSINESS EXPECTATIONS

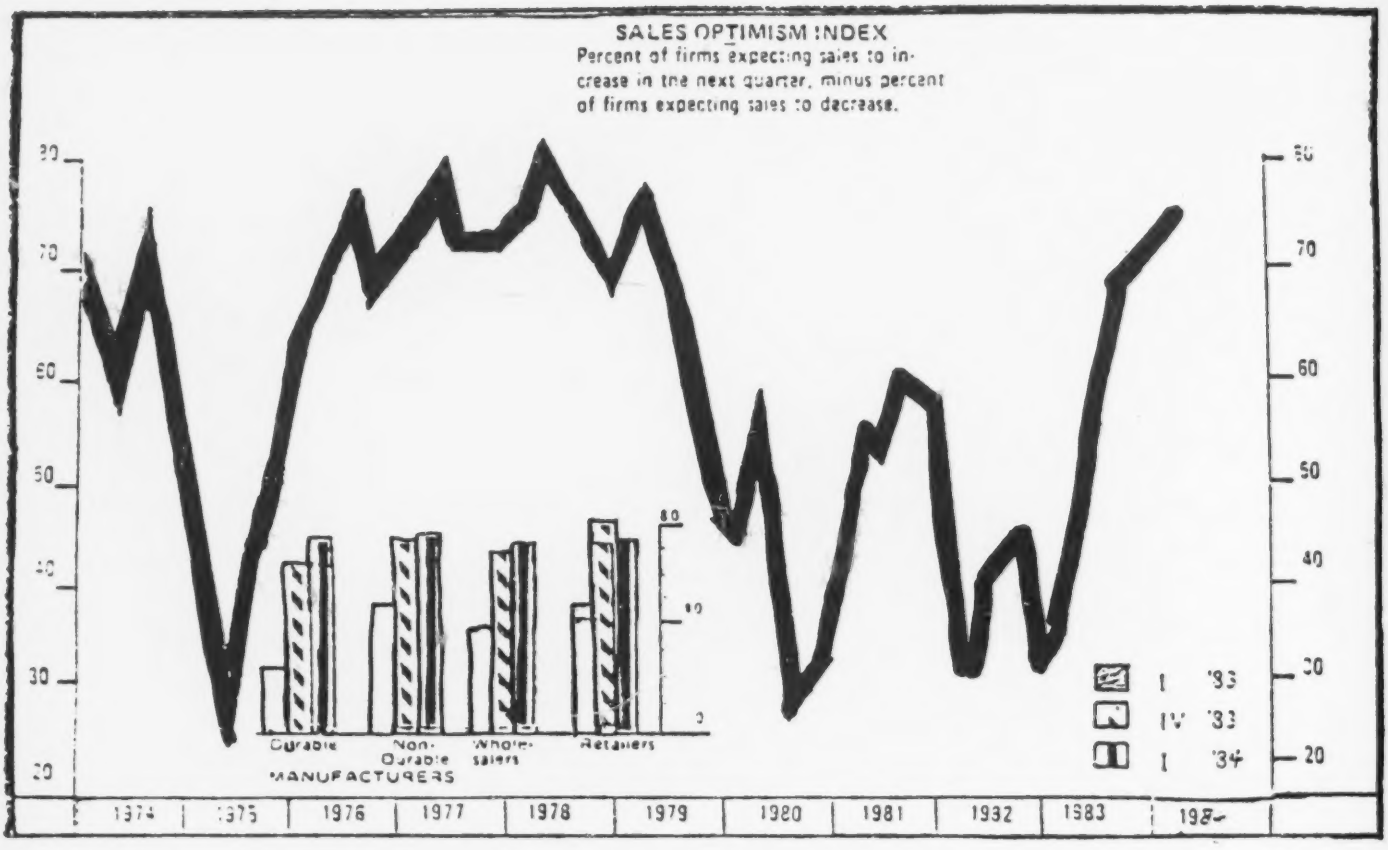
Conducted by Dun & Bradstreet

WHAT BUSINESS EXECUTIVES EXPECT FOR THE
FIRST QUARTER OF 1984 COMPARED WITH THE FIRST QUARTER OF 1983

(Interview Period: November 17 to 29, 1983)

| | | | All Concerns | Total Manu-facturers | Manufacturers Durables | Manufacturers Non-Durables | Wholesalers | Retailers |
|---|---|---|---|---|---|---|---|---|
| | Number Reporting | | 1308 | 559 | 383 | 176 | 363 | 386 |
| Net Sales | Percent Reporting | (Increase) | 79 | 81 | 82 | 78 | 76 | 77 |
| | | (No Change) | 17 | 15 | 14 | 19 | 20 | 18 |
| | | (Decrease) | 4 | 4 | 4 | 3 | 4 | 5 |
| | Number Reporting | | 1259 | 535 | 368 | 167 | 348 | 376 |
| Net Profits | Percent Reporting | (Increase) | 71 | 72 | 76 | 64 | 73 | 68 |
| | | (No Change) | 25 | 24 | 20 | 34 | 22 | 29 |
| | | (Decrease) | 4 | 4 | 4 | 2 | 5 | 3 |
| | Number Reporting | | 1272 | 538 | 370 | 168 | 354 | 380 |
| Selling Prices | Percent Reporting | (Increase) | 46 | 49 | 45 | 57 | 47 | 42 |
| | | (No Change) | 51 | 49 | 53 | 40 | 49 | 55 |
| | | (Decrease) | 3 | 2 | 2 | 3 | 4 | 3 |
| | Number Reporting | | 1292 | 549 | 379 | 170 | 358 | 385 |
| Level of Inventories* | Percent Reporting | (Increase) | 44 | 47 | 48 | 43 | 38 | 47 |
| | | (No Change) | 45 | 43 | 42 | 47 | 49 | 42 |
| | | (Decrease) | 11 | 10 | 10 | 10 | 13 | 11 |
| | Number Reporting | | 1310 | 558 | 384 | 174 | 365 | 387 |
| Number of Employees* | Percent Reporting | (Increae) | 28 | 36 | 40 | 27 | 21 | 22 |
| | | (No Change) | 68 | 60 | 55 | 71 | 74 | 73 |
| | | (Decrease) | - 4 | 4 | 5 | 2 | 5 | 5 |
| | Number Reporting | | | 542 | 374 | 168 | | |
| New Orders | Percent Reporting | (Increase) | | 80 | 84 | 73 | | |
| | | (No Change) | | 17 | 14 | 24 | | |
| | | (Decrease) | | 3 | 2 | 3 | | |

*End of Quarter




Source: Department of Economic Analysis
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